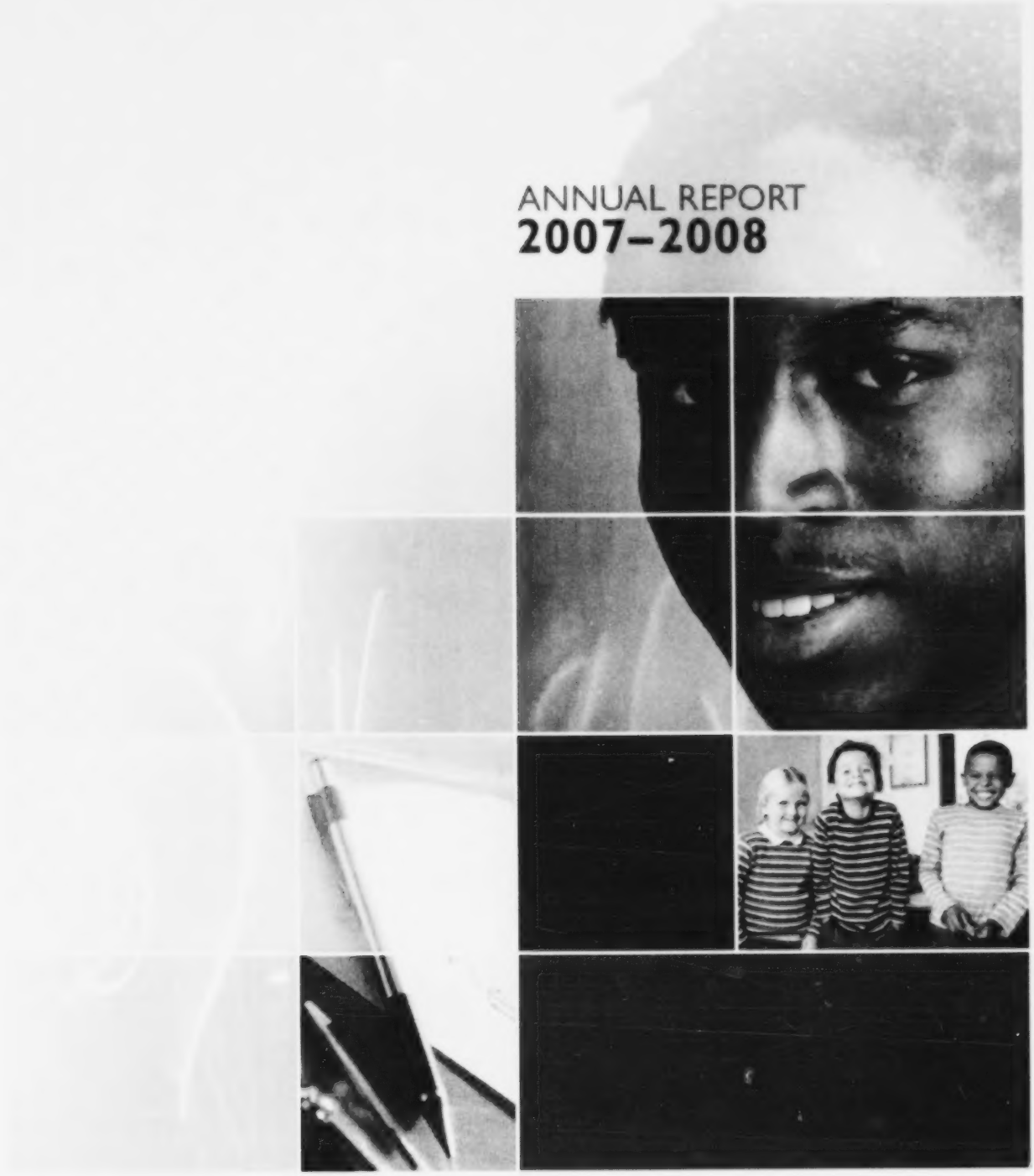
# ANNUAL REPORT
# 2007–2008



Education Quality and
Accountability Office

EQAO

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**Education Quality and Accountability Office**
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# Reliable Evidence of Achievement Supports Student Learning

In today's information-driven society, success for students in school and beyond is dependent on a solid educational foundation. At the Education Quality and Accountability Office (EQAO), our goal is to provide information and resources to support student learning so that every student in Ontario's publicly funded education system has the opportunity to reach his or her highest potential.

Brian L. Desbiens
Chair

Marguerite Jackson
CEO

EQAO has established a world-class assessment program and harnesses the experience of Ontario's educators and internationally recognized experts in the field of large-scale testing to design and administer assessments based on *The Ontario Curriculum*. These assessments measure student achievement in reading, writing and mathematics according to curriculum expectations and provide indicators of achievement that help evaluate and focus improvements for student learning. As an independent agency of the Government of Ontario, EQAO enhances the accountability of the province's education system through its results and can be counted on to provide students, parents and the education community with objective, reliable evidence of student achievement at key stages in the students' education.

We are committed to providing the education community with resources that empower it to help students strive and thrive. EQAO's published reports and its recommendations to educators based on its assessment results do not mark the end of the evaluation process. The testing data and the identification of strengths and areas for improvement serve as evidence to inform discussions about how best to move forward. Every year, this information feeds the ongoing cycle of improvement in Ontario's public education system.

This year, EQAO deepened its engagement with the education community by offering new and expanded resources for parents and educators. These resources, described throughout the following report, demonstrate how data are used to inform student and school improvement strategies. We continue to undertake research initiatives in order to remain "best-of-class" in large-scale assessment practices and to foster our ability to provide timely and useful information to educators.

The success of Ontario's students on provincial, national and international assessments illustrates the vitality of the education system today. At EQAO, we are proud of the work we do to support our partners in education. By continuing to work together, we will drive and support the improvements that will make all the difference in the lives of Ontario's students.

Brian L. Desbiens, Chair

Marguerite Jackson, CEO

# Student Achievement at the End of the Primary Division (Grades 1 to 3)

Unless otherwise noted, results refer to students and schools in Ontario's English-language system. Results for Ontario's French-language system can be found in the French version of this report.

The Assessment of Reading, Writing and Mathematics, Primary Division (Grades 1–3) measures the reading, writing and mathematics skills students are expected to have learned by the end of Grade 3. Year-to-year results in all three areas show that more Grade 3 students are performing at or above the provincial standard, indicating a trend of improvement. Over the past five years, the percentage of students meeting or exceeding the provincial standard has increased by nine percentage points in writing, from 55% to 64%, and by 12 percentage points in reading and mathematics, from 50% to 62% and 57% to 69% respectively.

### Sample Question

**Choose the word that correctly completes the sentence.**

**The student could see many _____ flying overhead.**

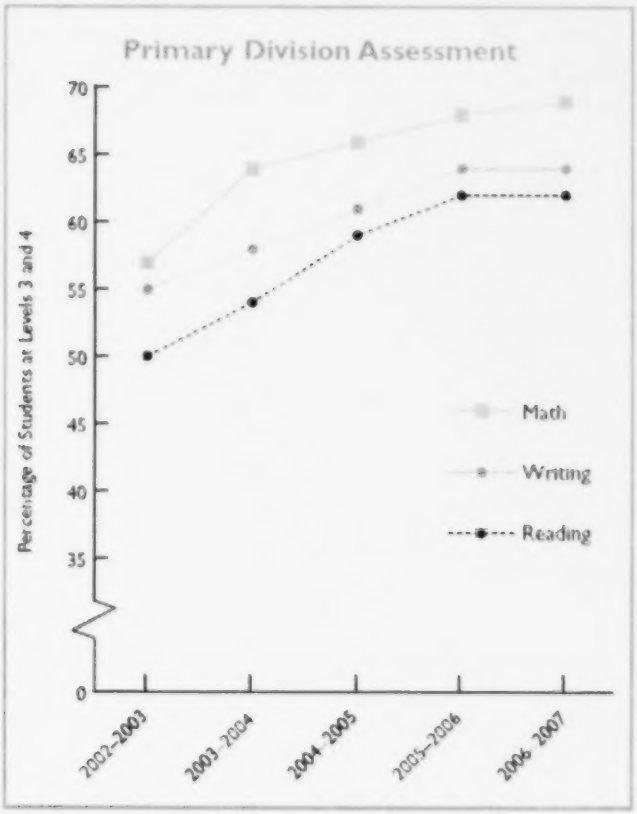
**a** goose

**b** geese

**c** gooses

**d** geeses

When the assessment was first administered, in 1996–1997, 33% of students achieved the provincial standard or above in mathematics; 39% did in writing and 50% did in reading.




*"We used to feel the EQAO data didn't affect those of us who weren't teaching Grade 3 or Grade 6, but now we see our school's EQAO results and other data as a reflection tool that informs our teaching practice and identifies where we may improve on our practices."*

Katherine McKeown, Teacher
Roden Public School, Toronto
District School Board

# Student Achievement at the End of the Junior Division

# (Grades 4 to 6)

The Assessment of Reading, Writing and Mathematics, Junior Division (Grades 4–6) measures the reading, writing and mathematics skills students are expected to have learned by the end of Grade 6. Year-to-year results in all three areas show that more students are performing at or above the provincial standard, indicating a trend of improvement. Over the past five years, the percentage of students meeting or exceeding the provincial standard has increased from 56% to 64% in reading; from 54% to 61% in writing; and from 53% to 59% in mathematics.

## Sample Question

**A school needs to buy 2400 pencils. The prices for pencils at 3 stores are shown below.**

- **Store A sells 60 pencils for $1.80.**
- **Store B sells 30 pencils for $0.99.**
- **Store C sells 15 pencils for $0.55.**

**The school will purchase the pencils with the lowest price. Which store has the lowest price for 2400 pencils?**

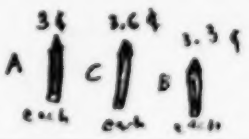
Explain your answer.

I divided the price with the amount of pencils

1.80 ÷ 60 = 3

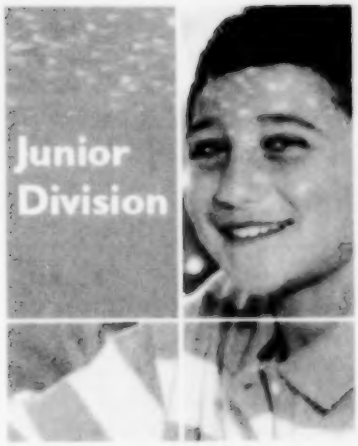
.99 ÷ 30 = 3.3

.55 ÷ 15 = 3.6

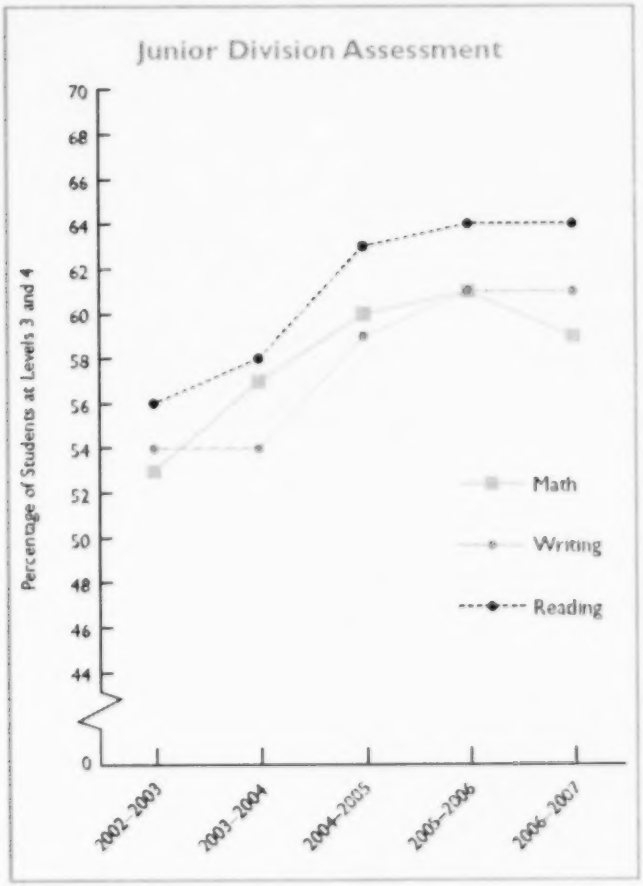



Store A has the lowest price for pencils.

This response earns a code 40, the maximum score on a scale scoring rubric.




In 1998–1999, the first year the Grade 6 assessment was administered, 48% of students achieved the provincial standard or above in reading and writing and 46% did in mathematics.



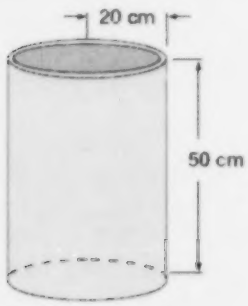

*"Over the past four years at [my school], when we get the EQAO results back we get the summary report, and we dissect it and look at where the kids are having the most difficulties, and then we set up action plans to [improve] those skills for the following year."*

Peter Marchand, Teacher
Holy Family School, Brant
Haldimand Norfolk Catholic
District School Board

# Student Achievement on the Grade 9 Assessment of Mathematics

## Sample Question

**Brad has a cylindrical metal container that is open at the top. He wants to paint the other surfaces of the container, including the bottom.**




**Which expression should he use to calculate the area to be painted?**

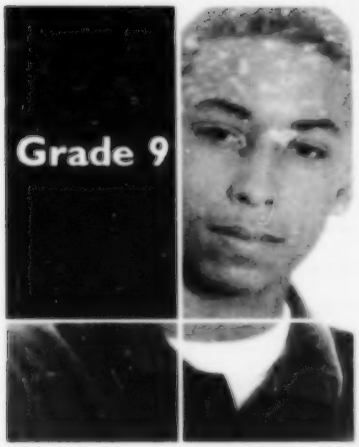
**a** $\pi(20)(50)\ \text{cm}^2$

**b** $2\pi(20)(50)\ \text{cm}^2$

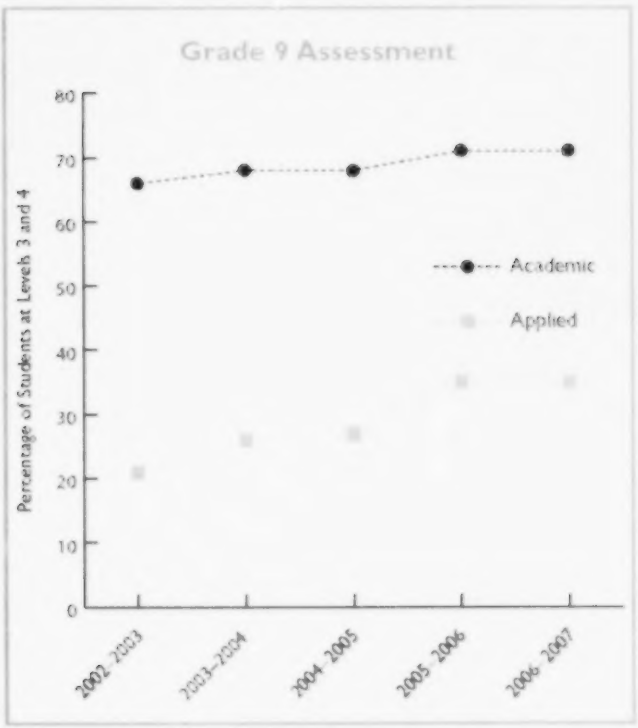
**c** $2(\pi(20)^2 + \pi(20)(50))\ \text{cm}^2$

**d** $(\pi(20)^2 + 2\pi(20)(50))\ \text{cm}^2$

The Grade 9 Assessment of Mathematics measures the mathematics skills students are expected to have learned by the end of Grade 9. A separate assessment is administered to students in academic and applied mathematics courses. The percentage of students in both applied and academic courses performing at or above the provincial standard has increased over the last five years, indicating steady and sustained improvement. In 2006–2007, 71% of students in the academic program performed at or above the provincial standard, up from 66% in 2002–2003. Additionally, 35% of students in the applied program performed at or above the provincial standard, up from 21% in 2002–2003.




In the first year of Grade 9 mathematics testing (2000–2001), 49% of students in the academic program achieved the provincial standard or above. In the same year, 13% of students in the applied program achieved the provincial standard or above.




*"We see the EQAO test not as an end in itself but as a learning process that begins as early as elementary school. EQAO brings everyone—elementary teachers, Notre Dame teachers, board personnel, parents and, of course, students—together in a very real, collaborative learning community."*

Michael Bak, Principal
Notre Dame Catholic Secondary School, Durham CDSB

# Student Achievement on the Ontario Secondary School Literacy Test

The OSSLT measures whether a student's literacy skills meet the minimum standard for understanding reading selections and communicating in a variety of written forms, according to the expectations set out in *The Ontario Curriculum* across all subject areas to the end of Grade 9. Successful completion of the test or of the Ontario Secondary School Literacy Course is one of the 32 requirements for an Ontario Secondary School Diploma.

In 2007, 84% of fully participating first-time eligible students were successful, maintaining the record-high success rate achieved in 2006. This marks a 12-percentage-point increase over the past five years, up from 72% in October 2002.

### Sample Question

**Select the sentence that is written correctly.**

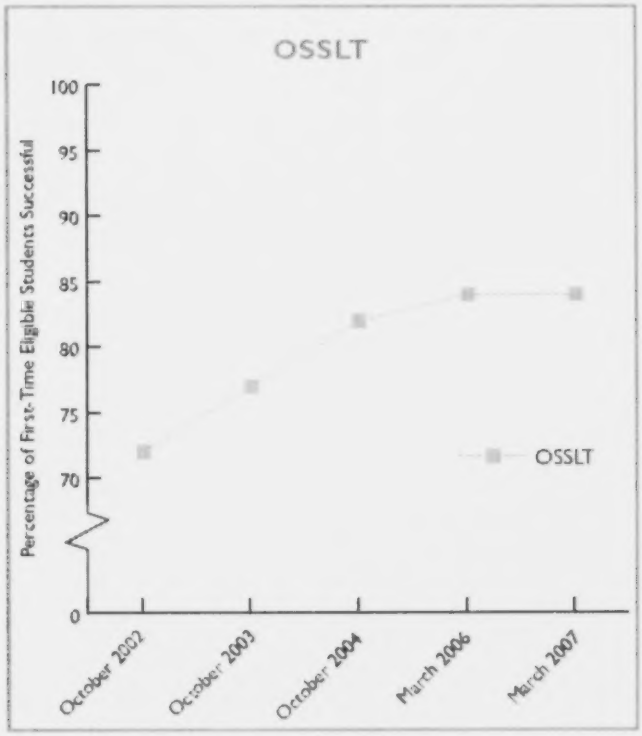
**a** Mrs. Brown is a teacher who help students.

**b** Dr. Smith, like many other doctors, study diseases.

**c** Of all the building materials, wood is one of the best.

**d** Vitamin A is one of many vitamins that is good for you.

Literacy—being able to communicate through reading and writing—is key to students' success at school and beyond, and allows them to participate fully in society and become workers in a knowledge-based economy.




*"It is important to recognize that schools are dynamic and, while overall goals often transcend time, strategies to address those goals are ever-changing. We strive to analyze our school data and apply processes in a purposeful way that is meaningful to our school's unique characteristics."*

Debra Rantz, Principal
General Panet High School,
Renfrew County District
School Board

# Best Practices in Large-Scale Assessment

*"EQAO employs best assessment practices to develop and score its assessments carefully so that individual student scores and school results can be validly interpreted. At the same time, EQAO works to ensure that the assessments are comparable from one year to the next, thereby allowing the valid interpretation of change across years."*

Dr. W. Todd Rogers,
EQAO Scholar in Residence and Professor, Centre for Research in Applied Measurement and Evaluation, University of Alberta

EQAO is a leader in large-scale assessment programs. In order to remain "best-in-class," EQAO continuously works to implement best practices by reviewing, refining and improving its methods.

This year, EQAO sustained this focus by identifying emerging trends in large-scale assessment programs with the help of scholars-in-residence, professionals who provide objective feedback about assessment practices. In 2007, EQAO's scholars-in-residence were Dr. W. Todd Rogers, a professor at the Centre for Research in Applied Measurement and Evaluation at the University of Alberta, and Dr. Mark Reckase, a professor of measurement and quantitative methods specializing in education at Michigan State University. EQAO also continued to work with a panel of national and international psychometric experts, who advise EQAO on all aspects of the assessment cycle.

Providing timely results of the assessments enables educators to incorporate the results into their improvement-planning strategies, student interventions and target setting. In 2007, the primary division and junior division assessment results were reported to schools within 12 weeks of the test, while the Grade 9 and OSSLT results were provided within 10 weeks.

The agency's focus on continuous improvement ensures its assessment program is based on appropriate design and methodology. EQAO assessments are curriculum-based, and the agency ensures all of the items on the primary division, junior division and Grade 9 assessments and the OSSLT align with the learning expectations in *The Ontario Curriculum*.

# Engaging the Education Community

## Supporting Ontario Educators

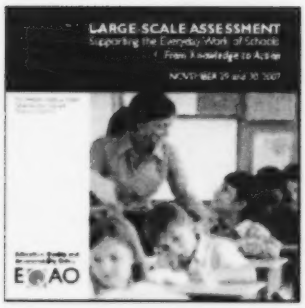
EQAO engages Ontario educators in every step of the assessment cycle, from development to administration to scoring. In 2007, EQAO executed a robust and comprehensive program of collaboration and outreach that included the participation of 2550 English- and French-language educators in scoring and committee activities. Additionally, approximately 96% of educators scoring the primary and junior assessments reported that their participation was a positive professional development experience.

Over the year, EQAO offered 70 education workshops and stakeholder meetings, involving staff from 20 school boards. The sessions were aimed at building the capacity for using data and were offered to teachers, principals, school teams and school-district personnel. Events focused on topics such as "Looking at Assessment Data to Enhance Student Learning" and "Using EQAO Data and Resources to Inform Professional Practice."

EQAO also hosted symposia entitled *Celebrating Success*, involving 56 English-language and 14 French-language school administrators. Educators were brought together from across the province to share and discuss their strategies and best practices. These leaders of achievement appreciated the opportunity to work together and form a professional community that focused on providing each student with the opportunity to be successful in his or her learning.

*"The use of the EQAO Web site, teacher resources, past tests and scoring guides enables me to provide students with more timely and instructive feedback on their progress. Through the EQAO-levelled samples, areas of improvement are recognized immediately, which drives my instruction."*

Tony Di Marco, Teacher
R.L. Beattie Public School
Rainbow District School Board




EQAO's Provincial Conference November 2007

A Parent's Guide to EQAO Tests

This year, EQAO held its second provincial conference, entitled "Supporting the Everyday Work of Schools: From Knowledge to Action." The conference included more than 30 outstanding keynote, plenary and breakout sessions. Experts and leaders in Ontario's education system shared their expertise, successful practices and insights on how to use large-scale assessments as a tool for improving student achievement. With the shared goal of supporting student success, the conference brought together approximately 450 delegates representing all school boards across the province. Key sessions were made available by webcast to education stakeholders and parents across Canada. The webcasts were viewed by over 1500 people, marking a 209% increase in viewers from the 2006 conference webcasts.

EQAO values parents as important and active partners in the effort toward improved student achievement. In 2007, EQAO worked in partnership with parent group representatives to create and distribute "A Parent's Guide to EQAO Tests," which provides insight into the primary and junior division assessments. This guide was supplemented with an expanded "Questions and Answers" section made available in 21 languages on the EQAO Web site.

In June 2007, EQAO launched *EQAO Connects*, a Web magazine written especially for teachers. The first issue was received by 5400 educators in Ontario, which increased to over 9000 by the February 2008 issue. With articles written by teachers and leading education experts, *EQAO Connects* is published to

empower the education community by providing resources that help teachers better understand and use large-scale assessments and data from other sources to support their vital work in the classroom.

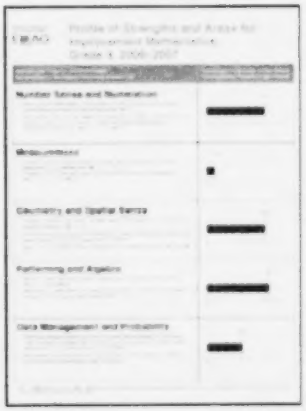
Continuing its efforts to engage the education community, EQAO profiled a total of 45 schools in its provincial reports. These school stories illustrate the many successful school environments across Ontario's publicly funded school system.

EQAO Webmag Article from Spring 2007 Issue

## Delivering Data That Inform

EQAO enhanced one of its key reports to track student progress. The Individual Student Reports sent to students after the junior division assessment now show students' results on the primary division assessment written in Grade 3. EQAO also introduced a new report called "Profile of Strengths and Areas for Improvement." This tool was created to assist schools and boards in their improvement planning by identifying student skills on which student performance falls below the provincial average.

The education community continues to become more skilled at using data. In a survey of elementary school principals, 95% report that they use EQAO data to identify program strengths and areas for improvement in student learning.



Profile of Strengths and Areas for Improvement, Mathematics: Grade 3, 2006–2007

# Research to Support Student Learning

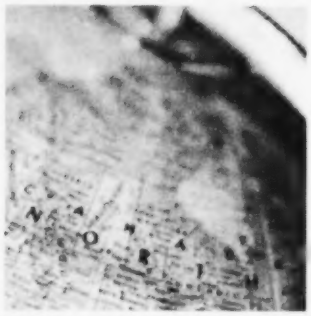
*"The overall conclusion of the English- and French-language standards studies was that the constructs, benchmarks and performance levels for the EQAO and PIRLS assessments were sufficiently comparable to allow for reasonable comparisons of the overall findings and the trends in student performance over time."*

Excerpt from "EQAO Research Bulletin No. 2, Standards Project for Elementary Reading" (February 2008)

EQAO undertakes research focused on better understanding student achievement and improving its large-scale assessment program. This allows EQAO to enhance the information provided to schools and boards for improvement planning.

The topics of EQAO's ongoing research include selecting appropriate scales, psychometric issues, achievement gaps and tracking the achievement results of cohorts across grades to report on student progress.

In 2007, EQAO became a member of the Policy Advisory Committee on a research project focusing on large-scale assessment, learning and accountability. This project is headed by a strategic research cluster consisting of academics, practitioners and policy-makers across Canada and six other countries. The participating universities in North America include Simon Fraser University; the University of British Columbia; the University of Victoria; the University of Ottawa; the University of California, Berkeley; the University of Alberta and the Ontario Institute for Studies in Education at the University of Toronto.



# National and International Assessments

EQAO coordinates Ontario's participation in national and international assessments on behalf of the Government of Ontario. These assessments provide information on how Ontario students' learning compares to that of students across the country and around the world. Results released in 2007 demonstrate that Ontario students consistently place at or near the top when compared to other jurisdictions in Canada and worldwide. The reports released this year include

- Programme for International Student Assessment, 2006
- Progress in International Reading Literacy Study, 2006
- Second Information Technology in Education Study, 2006

Programme for International Student Assessment, 2006

**Overall Science Achievement**

| Statistically Higher Than Canada | Statistically the Same as Canada | Statistically Lower Than Canada |
|---|---|---|
| Alberta, Finland, Hong Kong–China | Ontario<br>*British Columbia*, Canada, Chinese Taipei, Estonia, Japan, New Zealand, Quebec | Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Bulgaria, Chile, Colombia, Croatia, Czech Republic, Denmark, France, Germany, Greece, Hungary, Iceland, Indonesia, Ireland, Israel, Italy, Jordan, Korea, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau–China, *Manitoba*, Mexico, Montenegro, the Netherlands, *New Brunswick*, *Newfoundland and Labrador*, Norway, *Nova Scotia*, Poland, Portugal, *Prince Edward Island*, Qatar, Romania, Russian Federation, *Saskatchewan*, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Kingdom, United States, Uruguay |

*Note: This chart factors in the confidence intervals related to statistical error, so the stated differences between jurisdictions are likely real and not due to chance. Countries and provinces are listed in alphabetical order within each range.*

# Looking Forward

As this report demonstrates, EQAO has had a successful year achieving the objectives set out in its business plan. The agency's assessment program, data and resources have continued to improve the quality of education across the province while contributing to the overall accountability of Ontario's publicly funded education system.

This fiscal year marks a period of transition for the board of directors that governs EQAO. In February 2008, Dr. Charles Pascal stepped down as chair of the board to become the Premier of Ontario's special advisor on the implementation of full-day learning for four- and five-year-olds. Dr. Pascal had been chair of EQAO since 2005 and oversaw many important initiatives that strengthened EQAO's assessment program and its role in the public education system. This fiscal year also marks the end of the terms of directors Dr. Bette M. Stephenson and Mariette Carrier-Fraser. EQAO's board of directors has offered Dr. Stephenson, a founding member of the board and a past minister of education, the honorary position of director emeritus in recognition of her contributions to the education community. EQAO and Ontario education owe a debt of gratitude to these individuals, whose experience, wisdom and leadership have made an immeasurable contribution to the success of the agency.

EQAO welcomes Dr. Brian L. Desbiens to his new position as chair of the board. Member of the board for the past three years, Dr. Desbiens was appointed chair of the agency in April 2008. Dr. Desbiens brings over 35 years of education experience to the leadership of EQAO, and his focus on student success and innovative learning and teaching strategies will be a great asset to the agency.

The current strategic framework that guides EQAO's work, which was developed in 2006, will reach the end of its three-year scope in 2009. As part of the business planning activities for the next fiscal year, the board of directors will undertake an in-depth review of the overall direction of the agency and establish a strategic framework that will carry the agency into the future.

Underscoring all activities will be EQAO's dedication to overseeing a world-class large-scale assessment program and to working closely with the education community to ensure its data are used to enhance classroom instruction and support improved student achievement. EQAO's

activities will continue to make a strong contribution to the quality and accountability of Ontario's publicly funded education system.

## About EQAO

EQAO is a catalyst for increasing the success of Ontario students by measuring their achievement of reading, writing and mathematics curriculum expectations. As an arm's-length provincial agency, EQAO plays a pivotal role by conducting province-wide tests at key points in every student's primary, junior and secondary education and reporting the results. The assessments produce objective and reliable evidence, which adds to the current knowledge about student learning and is an important tool for improvement at the individual, school, school board and provincial levels.

Schools and school boards create their own reports of EQAO data for distribution to parents and others in their communities. EQAO posts school, school board and provincial results on its Web site (www.eqao.com).

EQAO is dedicated to working with the education community and enhancing the quality and accountability of the education system in Ontario. This is achieved through student assessments that produce objective, reliable and relevant information, and through the timely public release of this information along with recommendations for system improvement.

## Values

EQAO values student learning above all other interests.

EQAO values information that has the potential to bring about constructive change and improvement.

EQAO values the dedication and expertise of Ontario's educators and works in partnership with them in all of its activities.

EQAO values the delivery of its programs and services with equivalent quality in both English and French.

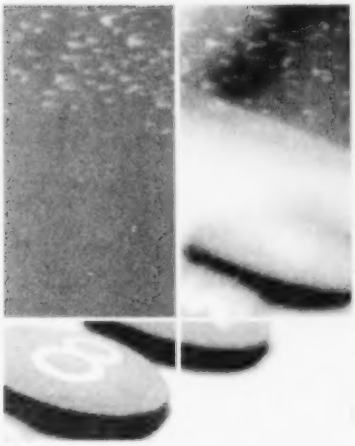
# Financial Report

Year Ended March 31, 2008

## Statement of Financial Position

*March 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash | **$ 1,307,117** | $ 11,413,145 |
| Board restricted fund | **3,565,498** | 2,766,657 |
| Accounts receivable | **275,671** | 276,937 |
| | **5,148,286** | 14,456,739 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | **1,736,100** | 3,725,991 |
| Deferred revenue | **1,462,725** | 9,639,714 |
| | **3,198,825** | 13,365,705 |
| **NET FINANCIAL ASSETS** | **1,949,461** | 1,091,034 |
| **NON-FINANCIAL ASSETS** | | |
| Prepaid expenses | **481,959** | 1,120,471 |
| Tangible capital assets | **1,134,078** | 555,152 |
| | **1,616,037** | 1,675,623 |
| **ACCUMULATED SURPLUS** | **$ 3,565,498** | $ 2,766,657 |



## Statement of Operations and Accumulated Surplus

*Year Ended March 31, 2008*

| | 2008 Budget (unaudited) | 2008 Actual | 2007 Actual |
|---|---|---|---|
| REVENUE | | | |
| Government of Ontario | | | |
| Base allocation payments | $ 33,779,940 | **$ 30,893,590** | $ 32,922,663 |
| Other revenue | – | **799,065** | 865,025 |
| | 33,779,940 | **31,692,655** | 33,787,688 |
| EXPENSES | | | |
| Service and rental | 17,996,324 | **16,514,346** | 19,676,742 |
| Salaries and wages | 10,174,945 | **10,513,157** | 9,712,269 |
| Transportation and communication | 3,887,571 | **2,630,556** | 2,661,488 |
| Supplies and equipment | 1,721,100 | **1,235,755** | 900,532 |
| | 33,779,940 | **30,893,814** | 32,951,031 |
| ANNUAL SURPLUS | – | **798,841** | 836,657 |
| ACCUMULATED SURPLUS—BEGINNING OF YEAR | 2,766,657 | **2,766,657** | 1,930,000 |
| ACCUMULATED SURPLUS—END OF YEAR | $ 2,766,657 | **$ 3,565,498** | $ 2,766,657 |

Full audited financial statements are available on the EQAO Web site, www.eqao.com, or by request at 1-888-327-7377.

**Education Quality and Accountability Office**
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**Education Quality and Accountability Office**

EQAO

Horwath

# EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

**Financial Statements**

**Year Ended March 31, 2008**

Horwath

## AUDITORS' REPORT

To the Board of Directors of Education Quality and Accountability Office ("The Agency")

We have audited the statement of financial position of Education Quality and Accountability Office as at March 31, 2008 and the statements of operations and accumulated surplus, net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for governments.

Horwath Orentein LLP

Toronto, Ontario
May 12, 2008

Chartered Accountants
Licensed Public Accountants

## EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

### Statement of Financial Position

### March 31, 2008

| | 2008 | 2007 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash | $ 1,307,117 | $ 11,413,145 |
| Board restricted fund *(Note 4)* | 3,565,498 | 2,766,657 |
| Accounts receivable | 275,671 | 276,937 |
| | 5,148,286 | 14,456,739 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | 1,736,100 | 3,725,991 |
| Deferred revenue | 1,462,725 | 9,639,714 |
| | 3,198,825 | 13,365,705 |
| **NET FINANCIAL ASSETS** | 1,949,461 | 1,091,034 |
| **NON-FINANCIAL ASSETS** | | |
| Prepaid expenses *(Note 5)* | 481,959 | 1,120,471 |
| Tangible capital assets *(Note 6)* | 1,134,078 | 555,152 |
| | 1,616,037 | 1,675,623 |
| **ACCUMULATED SURPLUS** | $ 3,565,498 | 2,766,657 |

**ON BEHALF OF THE BOARD**

*Chair*

*Chief Executive Officer*

See the accompanying notes

## EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

### Statement of Operations and Accumulated Surplus

### Year Ended March 31, 2008

| | 2008 Budget (unaudited) | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **REVENUE** | | | |
| Ministry of Education | | | |
| Base allocation payments *(Note 3)* | $ 33,779,940 | **$ 30,893,590** | $ 32,922,663 |
| Other revenue | - | **799,065** | 865,025 |
| | 33,779,940 | **31,692,655** | 33,787,688 |
| **EXPENSES** | | | |
| Service and rental | 17,996,324 | **16,514,346** | 19,676,742 |
| Salaries and wages | 10,174,945 | **10,513,157** | 9,712,269 |
| Transportation and communication | 3,887,571 | **2,630,556** | 2,661,488 |
| Supplies and equipment | 1,721,100 | **1,235,755** | 900,532 |
| | 33,779,940 | **30,893,814** | 32,951,031 |
| **ANNUAL SURPLUS** | - | **798,841** | 836,657 |
| ACCUMULATED SURPLUS - BEGINNING OF YEAR | 2,766,657 | **2,766,657** | 1,930,000 |
| **ACCUMULATED SURPLUS - END OF YEAR** | $ 2,766,657 | **$ 3,565,498** | $ 2,766,657 |

See the accompanying notes

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Change in Net Financial Assets

Year Ended March 31, 2008

| | 2008 Budget (unaudited) | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **ANNUAL SURPLUS** | $ - | **$ 798,841** | $ 836,657 |
| Acquisition of tangible capital assets | - | **(913,799)** | (133,128) |
| Amortization of tangible capital assets | 399,606 | **308,625** | 282,270 |
| Write-down of tangible capital asset | - | **26,249** | 333 |
| | 399,606 | **(578,925)** | 149,475 |
| Acquisition of prepaid expenses | - | **(481,960)** | (1,120,471) |
| Use of prepaid expenses | - | **1,120,471** | 1,003,758 |
| | - | **638,511** | (116,713) |
| **INCREASE IN NET FINANCIAL ASSETS** | 399,606 | **858,427** | 869,419 |
| NET FINANCIAL ASSETS - BEGINNING OF YEAR | 1,091,034 | **1,091,034** | 221,615 |
| **NET FINANCIAL ASSETS - END OF YEAR** | $ 1,490,640 | **$ 1,949,461** | $ 1,091,034 |

See the accompanying notes

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Cash Flows

Year Ended March 31, 2008

| | 2008 | 2007 |
|---|---|---|
| **NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES** | | |
| **OPERATING** | | |
| Annual Surplus | $ 798,841 | $ 836,657 |
| Items not affecting cash | | |
| Amortization of tangible capital assets | 308,625 | 282,270 |
| Write-down of tangible capital asset | 26,249 | 333 |
| | 1,133,715 | 1,119,260 |
| Changes in non-cash items | | |
| Accounts receivable | 1,265 | (3,477) |
| Accounts payable and accrued liabilities | (1,989,891) | 295,183 |
| Deferred revenue | (8,176,989) | 2,321,815 |
| Prepaid expenses *(Note 5)* | 638,512 | (116,714) |
| | (8,393,388) | 3,616,067 |
| **CAPITAL** | | |
| Acquisition of tangible capital assets | (913,799) | (133,128) |
| | (913,799) | (133,128) |
| **INVESTING** | | |
| Additions to board restricted fund | (798,841) | (836,657) |
| | (798,841) | (836,657) |
| **INCREASE (DECREASE) IN CASH** | (10,106,028) | 2,646,282 |
| CASH - BEGINNING OF YEAR | 11,413,145 | 8,766,863 |
| **CASH - END OF YEAR** | $ 1,307,117 | $ 11,413,145 |

See the accompanying notes

## EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

### Notes to Financial Statements

### Year Ended March 31, 2008

1. DESCRIPTION OF OPERATIONS

The Education Quality and Accountability Office ("The Agency") was established by the Province of Ontario by the "EQAO Act", June 1996. The Agency was created to assure greater accountability and to contribute to the enhancement of the quality of education in Ontario. This is done through assessments and reviews based on objective, reliable and relevant information, and the timely public release of that information along with recommendations for system improvement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements, which have been prepared in accordance with Canadian generally accepted accounting principles for governments, as established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA") and, where applicable, the recommendations of the Accounting Standards Board of the CICA, reflect the accounting policies set out below.

Revenue recognition

a) The Agency is funded by the Ministry of Education in accordance with established budget arrangements. These transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

b) Other revenue is recognized at the time the service is rendered.

Deferred Revenue

Certain amounts, including transfer payments from the Ministry of Education, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain amounts received, are used to pay expenditures for which the related service is yet to be performed, or are in excess of the expenditures actually incurred. These amounts are recorded as deferred revenue at period end.

*(continues)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

| | | |
|---|---|---|
| Computer equipment | 3 years | straight-line method |
| Furniture and fixtures | 5 years | straight-line method |

For assets acquired or brought into use during the year, amortization is calculated from the month following that in which additions come into operation.

The Agency considers the carrying value of long lived assets when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the Agency expects an asset to generate cash flows less than the asset's carrying value, at the lowest level of identifiable cash flows, the Agency recognizes a loss for the difference between the asset's carrying value and its fair value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for governments requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

3. MINISTRY OF EDUCATION FUNDING

The Agency received base allocation payments in accordance with the year's approved budget. Actual expenditures incurred in the year are less than the budgeted amounts. The difference between base allocation payments received and actual expenditures incurred represents deferred revenue. A breakdown of revenue reported on the statement of operations is noted below.

| | **2008** | 2007 |
|---|---|---|
| Gross base allocation payments | **$ 22,716,601** | $ 35,244,478 |
| Allocation from (to) deferred revenue | **8,176,989** | (2,321,815) |
| Ministry of Education - Base allocation payments | **$ 30,893,590** | $ 32,922,663 |

## 4. BOARD RESTRICTED FUND

A Board Restricted Fund was established by a Board of Directors' resolution for the purpose of examining assessment processes and researching emerging methodologies in large scale assessment in order to maintain Ontario's high quality assessment programs as best of class. The fund is currently invested in a Royal Bank of Canada current account. The Agency has the authority to retain any revenue that is not provincial funding according to the EQAO Act, the Agency Establishment and Accountability Directive and the Financial Administration Act.

| | 2008 | 2007 |
|---|---|---|
| Balance, beginning of year | $ 2,766,657 | $ 1,930,000 |
| Appropriation of other income | 674,866 | 755,117 |
| Interest income earned on funds | 123,975 | 81,540 |
| Balance, end of year | $ 3,565,498 | $ 2,766,657 |

## 5. PREPAID EXPENSES

These are expenses paid in cash and recorded as assets before they are used or consumed. The Agency has incurred the majority of its prepaid expenses for the following reasons:

(a) The Agency's contract with the Toronto Congress Centre ("TCC") requires the Agency to pay a deposit for their use of the facility after year end for scoring

| | 2008 | 2007 |
|---|---|---|
| Deposit to TCC | $ 400,000 | $ 400,000 |
| Other prepaids | 81,959 | 102,038 |
| Prepaid secondees | - | 618,433 |
| | $ 481,959 | $ 1,120,471 |

## 6. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2008 Net book value | 2007 Net book value |
|---|---|---|---|---|
| Computer equipment | $ 1,789,771 | $ 682,598 | $ 1,107,173 | $ 494,171 |
| Furniture and fixtures | 178,419 | 151,514 | 26,905 | 60,981 |
| | $ 1,968,190 | $ 834,112 | $ 1,134,078 | $ 555,152 |

Amortization of capital assets recorded in the current year amounts to $308,625 (2007 - $282,270).

7. LEASE COMMITMENTS

The Agency leases premises under a long-term lease that expires on December 31, 2012. Under the terms of the lease, the Agency is required to pay an annual base rent which is pre-determined based on square footage rates plus operating and maintenance charges.

The minimum annual lease payments related to the office lease and office equipment for the next five years are as follows:

| | |
|---|---|
| 2009 | $ 1,105,630 |
| 2010 | 1,125,309 |
| 2011 | 1,110,092 |
| 2012 | 788,789 |
| 2013 | 72,000 |
| | $ 4,201,820 |

8. FINANCIAL INSTRUMENTS

The Agency's financial instruments consist of cash, board restricted fund, accounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying values due to their short term nature.

It is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.